



Auditor of Public Accounts  
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**Auditor Edelen Praises Bipartisan Agreement on Landmark Legislation Reforming  
Special Districts**

*Measure Bringing Transparency, Accountability to 'Ghost Government' Will Likely  
Become Law*

**FRANKFORT, Ky. (March 12, 2013)** – A measure championed by Auditor Adam Edelen, aimed at reforming a \$2.7 billion layer of government in the Commonwealth, is headed toward final passage after a conference committee of House and Senate members reached an agreement Tuesday on details of the bill.

"I thank lawmakers on both sides of the aisle, particularly Sens. Thayer and Palmer, for working together to give taxpayers the chance for the first time ever to make sure their dollars are being spent wisely by those who are charged with delivering vital public services in the Commonwealth," Auditor Edelen said.

House Bill 1, sponsored by Speaker Greg Stumbo, D-Prestonsburg, will require special purpose government entities, such as libraries, fire departments and sewer districts to submit their budgets to a publically-accessible online registry. The Department for Local Government is expected to unveil the registry to the public in October 2014.

The measure clarifies audit standards and adds teeth to current law to compel compliance with reporting and auditing standards. Entities that aren't in compliance could be subject to an examination by the Auditor's office and lose state funding. It also establishes education for board members and staff and requires entities to adopt ethics codes.

Conferees added language to the bill that requires special purpose government entities to hold public meetings before increasing taxes or fees and to give reports to fiscal courts regarding their budgets.

"These compromises are in the spirit of the bill's original intentions," Auditor Edelen said.

“They add to accountability and transparency without getting into issues of governance that would jeopardize public health and safety and infrastructure services,” Auditor Edelen said.

The measure does not give fiscal courts the ability to veto the entities’ tax or fee increases – a proposal pushed by some members of the Senate.

Auditor Edelen proposed legislation after a six-month long effort to shine light on special districts last year that culminated in a *Citizen Auditor Initiative* database and “Ghost Government: A Report on Special Districts in Kentucky.” The Auditor’s office discovered more than 1,200 special districts collect \$1.5 billion in taxes and fees annually and another \$1 billion in grants, corporate sponsorships and fundraising. In all but three counties, taxpayers pay more to special districts in property taxes than to their county governments.

The effort found special districts spend \$2.7 billion a year, which is about \$5 less per capita than the state spends on primary and secondary education. And they are holding another \$1.3 billion in reserves – twice the contingency funds of 174 school districts.

The work of the Auditor’s office and subsequent legislation enjoyed broad, bipartisan support from organizations representing elected officials and special districts, the business community and taxpayer watchdogs.

“I’m grateful this common-sense-yet-historic accountability measure won widespread support and swift passage during this short legislative session,” Auditor Edelen said.

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*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

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